

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

ANNUAL REPORT MAILING LABEL – MAKE CHANGES AS NECESSARY

W-02848A
Starlight Water Company, Inc.
P.O. Box 1842
Wenatchee WA 98807

RECEIVED

MAR 24 2004

AZ CORPORATION COMMISSION
DIRECTOR OF UTILITIES

ANNUAL REPORT

FOR YEAR ENDING

12	31	2003
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FOR COMMISSION USE

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COMPANY INFORMATION

Company Name (Business Name) Starlight Water Company Inc.

Mailing Address PO Box 1842
(Street)
Wenatchee Wa 98807
(City) (State) (Zip)

509 679 6725 509 884 0698
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

Local Office Mailing Address PO Box 85160
(Street)
Tucson AZ 85754
(City) (State) (Zip)

520 623 5172 520 792 0377
Local Office Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

MANAGEMENT INFORMATION

Management Contact: Southwestern Utility Management
(Name) (Title)
PO Box 85160 Tucson AZ 85754
(Street) (City) (State) (Zip)

520 623 5172 520 792 0377
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

On Site Manager: Lee Thompson
(Name)
HC 31 Box 886 Happy Jack AZ 86024
(Street) (City) (State) (Zip)

928 477 2720 928 477 2720
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Email Address _____

☒ Please mark this box if the above address(es) have changed or are updated since the last filing.

Statutory Agent: Sallquist & Drummond
(Name)

2525 E. Arizona Biltmore Circle #117 Phoenix AZ 85016
(Street) (City) (State) (Zip)

602 224-9222 602 224 9366
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

Attorney: Richard Sallquist
(Name)

2525 E. Arizona Biltmore Circle #117 Phoenix AZ 85016
(Street) (City) (State) (Zip)

602 224 9222 602 224 9366
Telephone No. (Include Area Code) Fax No. (Include Area Code) Pager/Cell No. (Include Area Code)

☐ Please mark this box if the above address(es) have changed or are updated since the last filing.

OWNERSHIP INFORMATION

Check the following box that applies to your company:

- | | |
|---|--|
| <input type="checkbox"/> Sole Proprietor (S) | <input checked="" type="checkbox"/> C Corporation (C) (Other than Association/Co-op) |
| <input type="checkbox"/> Partnership (P) | <input type="checkbox"/> Subchapter S Corporation (Z) |
| <input type="checkbox"/> Bankruptcy (B) | <input type="checkbox"/> Association/Co op (A) |
| <input type="checkbox"/> Receivership (R) | <input type="checkbox"/> Limited Liability Company |
| <input type="checkbox"/> Other (Describe) _____ | |

COUNTIES SERVED

Check the box below for the county/ies in which you are certificated to provide service:

- | | | |
|-------------------------------------|-----------------------------------|--|
| <input type="checkbox"/> APACHE | <input type="checkbox"/> COCHISE | <input checked="" type="checkbox"/> COCONINO |
| <input type="checkbox"/> GILA | <input type="checkbox"/> GRAHAM | <input type="checkbox"/> GREENLEE |
| <input type="checkbox"/> LA PAZ | <input type="checkbox"/> MARICOPA | <input type="checkbox"/> MOHAVE |
| <input type="checkbox"/> NAVAJO | <input type="checkbox"/> PIMA | <input type="checkbox"/> PINAL |
| <input type="checkbox"/> SANTA CRUZ | <input type="checkbox"/> YAVAPAI | <input type="checkbox"/> YUMA |
| <input type="checkbox"/> STATEWIDE | | |

COMPANY NAME Starlight Water Co.

UTILITY PLANT IN SERVICE

Acct. No.	DESCRIPTION	Original Cost (OC)	Accumulated Depreciation (AD)	O.C.L.D. (OC less AD)
301	Organization	2,000		2,000
302	Franchises			
303	Land and Land Rights	14,000		14,000
304	Structures and Improvements	244,388	39,521	204,867
307	Wells and Springs	178,441	26,805	151,636
311	Pumping Equipment	330,637	64,326	266,311
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	420,400	58,762	361,638
331	Transmission and Distribution Mains	1,783,994	293,462	1,490,532
333	Services	162,370	27,397	134,973
334	Meters and Meter Installations	29,170	10,485	18,685
335	Hydrants	283,050	59,118	223,932
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	2,152	681	1,471
340	Office Furniture and Equipment			
341	Transportation Equipment	3,067	1,304	1,763
343	Tools, Shop and Garage Equipment	4,463	1,230	3,233
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	261	33	228
	TOTALS	3,458,393	583,124	2,875,269

This amount goes on the Balance Sheet Acct. No. 108

COMPANY NAME Starlight Water Co.

CALCULATION OF DEPRECIATION EXPENSE FOR CURRENT YEAR

Acct. No.	DESCRIPTION	Original Cost (1)	Depreciation Percentage (2)	Depreciation Expense (1x2)
301	Organization	2,000		
302	Franchises			
303	Land and Land Rights	14,000		
304	Structures and Improvements	244,388	3.33	8,138
307	Wells and Springs	178,441	3.33	5,942
311	Pumping Equipment	330,637	12.5	41,330
320	Water Treatment Equipment			
330	Distribution Reservoirs and Standpipes	420,400	2.22	9,333
331	Transmission and Distribution Mains	1,783,994	2.0	35,680
333	Services	162,370	3.33	5,407
334	Meters and Meter Installations	29,170	8.33	2,430
335	Hydrants	283,050	2.0	5,661
336	Backflow Prevention Devices			
339	Other Plant and Misc. Equipment	2,152	6.67	144
340	Office Furniture and Equipment			
341	Transportation Equipment	3,067	20.0	613
343	Tools, Shop and Garage Equipment	4,463	5.0	223
344	Laboratory Equipment			
345	Power Operated Equipment			
346	Communication Equipment			
347	Miscellaneous Equipment			
348	Other Tangible Plant	261	2.5	7
	TOTALS	3,458,393		114,908

This amount goes on Comparative Statement of Income and Expense _____
 Acct. No. 403.

CIAC amortization <21,032>
93,876

COMPANY NAME Starlight Water Co.

BALANCE SHEET

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	ASSETS		
	CURRENT AND ACCRUED ASSETS		
131	Cash	\$ 6,628	\$ 27,030
134	Working Funds		
135	Temporary Cash Investments		
141	Customer Accounts Receivable	144	1,354
146	Notes/Receivables from Associated Companies		
151	Plant Material and Supplies	144	144
162	Prepayments	1,354	
174	Miscellaneous Current and Accrued Assets		
	TOTAL CURRENT AND ACCRUED ASSETS	\$ 8,270	\$ 28,528
	FIXED ASSETS		
101	Utility Plant in Service	\$ 3,398,383	\$ 3,458,393
103	Property Held for Future Use	7,688	7,688
105	Construction Work in Progress		
108	Accumulated Depreciation – Utility Plant	<493,398>	<583,124>
121	Non-Utility Property		
122	Accumulated Depreciation – Non Utility		
	TOTAL FIXED ASSETS	\$ 2,912,673	\$ 2,882,957
	TOTAL ASSETS	\$ 2,920,943	\$ 2,911,485

NOTE: The Assets on this page should be equal to **Total Liabilities and Capital** on the following page.

COMPANY NAME Starlight Water Co.

BALANCE SHEET (CONTINUED)

Acct. No.		BALANCE AT BEGINNING OF YEAR	BALANCE AT END OF YEAR
	LIABILITIES		
	CURRENT LIABILITIES		
231	Accounts Payable	\$ 1,074	\$
232	Notes Payable (Current Portion)	7,362	
234	Notes/Accounts Payable to Associated Companies		
235	Customer Deposits	70,802	93,899
236	Accrued Taxes	665	1,419
237	Accrued Interest		
241	Miscellaneous Current and Accrued Liabilities		
	TOTAL CURRENT LIABILITIES	\$ 79,903	\$ 95,318
	LONG-TERM DEBT (Over 12 Months)		
224	Long-Term Notes and Bonds	\$ 3,569	\$ 2,858
	DEFERRED CREDITS		
251	Unamortized Premium on Debt	\$	\$
252	Advances in Aid of Construction	1,566,278	1,576,613
255	Accumulated Deferred Investment Tax Credits		
271	Contributions in Aid of Construction	841,278	841,278
272	Less: Amortization of Contributions	< 297,868 >	< 318,900 >
281	Accumulated Deferred Income Tax		
	TOTAL DEFERRED CREDITS	\$ 2,109,688	\$ 2,098,991
	TOTAL LIABILITIES	\$ 2,193,160	\$ 2,197,167
	CAPITAL ACCOUNTS		
201	Common Stock Issued	\$ 957,931	\$ 957,931
211	Paid in Capital in Excess of Par Value		
215	Retained Earnings	< 230,148 >	< 243,613 >
218	Proprietary Capital (Sole Props and Partnerships)		
	TOTAL CAPITAL	\$ 727,783	\$ 714,318
	TOTAL LIABILITIES AND CAPITAL	\$ 2,920,943	\$ 2,911,485

COMPANY NAME Starlight Water Co.

COMPARATIVE STATEMENT OF INCOME AND EXPENSE

Acct. No.	OPERATING REVENUES	PRIOR YEAR	CURRENT YEAR
461	Metered Water Revenue	\$ 133,946	\$ 195,756
460	Unmetered Water Revenue		
474	Other Water Revenues		11,820
	TOTAL REVENUES	\$ 133,946	\$ 207,576
	OPERATING EXPENSES		
601	Salaries and Wages	\$ 74,419	\$ 70,112
610	Purchased Water	317	
615	Purchased Power	11,714	10,838
618	Chemicals		
620	Repairs and Maintenance	4,259	2,819
621	Office Supplies and Expense	6,164	7,013
630	Outside Services	19,254	17,578
635	Water Testing	3,271	1,852
641	Rents		
650	Transportation Expenses	11,172	13,958
657	Insurance - General Liability	8,715	13,655
659	Insurance - Health and Life		3,754
666	Regulatory Commission Expense - Rate Case	8,594	3,291
675	Miscellaneous Expense	1,353	2,327
403	Depreciation Expense	63,528	93,876
408	Taxes Other Than Income	779	7,359
408.11	Property Taxes	720	1,667
409	Income Tax	50	50
	TOTAL OPERATING EXPENSES	\$ 214,309	\$ 250,149
	OPERATING INCOME/(LOSS)	\$ <80,363>	\$ <42,573>
	OTHER INCOME/(EXPENSE)		
419	Interest and Dividend Income	\$	\$
421	Non-Utility Income	4,025	4,619
426	Miscellaneous Non-Utility Expenses		
427	Interest Expense	418	692
	TOTAL OTHER INCOME/(EXPENSE)	\$ 3,607	\$ 3,927
	NET INCOME/(LOSS)	\$ <76,756>	\$ <38,646>

COMPANY NAME

Starlight Water Co.

SUPPLEMENTAL FINANCIAL DATA**Long-Term Debt**

	LOAN #1	LOAN #2	LOAN #3	LOAN #4
Date Issued	9/1/98	9/1/98	9/1/98	
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amount Issued	\$ 3,198	\$ 1,000	\$ 1,000	\$
Amount Outstanding	\$ 1,758	\$ 550	\$ 550	\$
Date of Maturity	3/1/07	3/1/07	3/1/07	
Interest Rate	9.75	9.75	9.75	
Current Year Interest	\$ 195	\$ 61	\$ 61	\$
Current Year Principle	\$ 437	\$ 137	\$ 137	\$

Meter Deposit Balance at Test Year End

\$ 93,899

Meter Deposits Refunded During the Test Year

\$ 9,288.50

COMPANY NAME

Starlight Water Co.

WATER COMPANY PLANT DESCRIPTIONWELLS

ADWR ID Number*	Pump Horsepower	Pump Yield (Gpm)	Casing Depth (Feet)	Casing Diameter (Inches)	Meter Size (inches)	Year Drilled
55-501667	20	150	655	10	2	1988
55-553632	5	25	800	6	1 1/2	1996
55-565147	40	175	810	8	3	1998
55-565148	40	250	780	8	3	1998

- Arizona Department of Water Resources Identification Number

OTHER WATER SOURCES

Name or Description	Capacity (gpm)	Gallons Purchased or Obtained (in thousands)

BOOSTER PUMPS			FIRE HYDRANTS	
Horsepower	Quantity		Quantity Standard	Quantity Other
20	2		114	
7.5 5 2.5	1 3 2		11	
25	2		33	
25	2		16	

STORAGE TANKS		PRESSURE TANKS	
Capacity	Quantity	Capacity	Quantity
210,000	1	10,000	1
122,000	1	2,500	1
300,000	1	10,000	1
50,000	1	10,000	1

COMPANY NAME Starlight Water Co.

WATER COMPANY PLANT DESCRIPTION (CONTINUED)

MAINS

Size (in inches)	Material	Length (in feet)
2	PVC	2802
3		
4	PVC	5455
5		
6	PVC	126211
8	PVC	9569
10		
12		

CUSTOMER METERS

Size (in inches)	Quantity
5/8 X 3/4	
3/4	436
1	1
1 1/2	
2	2
Comp. 3	
Turbo 3	
Comp. 4	
Turbo 4	
Comp. 6	
Turbo 6	

For the following three items, list the utility owned assets in each category.

TREATMENT EQUIPMENT:

N/A

STRUCTURES:

4 well building, storage tanks, fences, 4 pressure statw

OTHER:

COMPANY NAME: Starlight Water Co.

WATER USE DATA SHEET BY MONTH FOR CALENDAR YEAR 2003

MONTH	NUMBER OF CUSTOMERS	GALLONS SOLD	GALLON PUMPED (Thousands)
JANUARY	383	551,600	553
FEBRUARY	384	360,050	587
MARCH	386	373,350	496
APRIL	387	428,500	1,243
MAY	390	769,120	2,027
JUNE	395	1,953,030	2,728
JULY	402	2,762,880	2,747
AUGUST	413	2,349,800	1,331
SEPTEMBER	418	1,073,080	745
OCTOBER	420	1,693,020	919
NOVEMBER	427	723,970	587
DECEMBER	434	456,540	792
TOTAL		N/A	14,755

Is the Water Utility located in an ADWR Active Management Area (AMA)?

() Yes

(X) No

Does the Company have An ADWR Gallons Per Capita Per Day (GPCPD) requirement?

() Yes

(X) No

If yes, provide the GPCPD amount: _____

What is the level of arsenic for each well on your system. 0.0019 mg/l

(If more than one well, please list each separately)

Note: If you are filing for more than one system, please provide separate data sheets for each system.

COMPANY NAME Starlight Water Co.

YEAR ENDING 12/31/2003

PROPERTY TAXES

Amount of actual property taxes paid during Calendar Year 2003 was: \$ 1,667

Attach to this annual report proof (e.g. property tax bills stamped "paid in full" or copies of cancelled checks for property tax payments) of any and all property taxes paid during the calendar year.

If no property taxes paid, explain why. _____

COMPANY NAME Starlight Water Co.

YEAR ENDING 12/31/2003

INCOME TAXES

MAR 24 2004

For this reporting period, provide the following:

Federal Taxable Income Reported
Estimated or Actual Federal Tax Liability< 9,798 >
0State Taxable Income Reported
Estimated or Actual State Tax Liability< 9,748 >
50

Amount of Grossed-Up Contributions/Advances:

Amount of Contributions/Advances
Amount of Gross-Up Tax Collected
Total Grossed-Up Contributions/Advances841,278

Decision No. 55774 states, in part, that the utility will refund any excess gross-up funds collected at the close of the tax year when tax returns are completed. Pursuant to this Decision, if gross-up tax refunds are due to any Payer or if any gross-up tax refunds have already been made, attach the following information by Payer: name and amount of contribution/advance, the amount of gross-up tax collected, the amount of refund due to each Payer, and the date the Utility expects to make or has made the refund to the Payer.

CERTIFICATION

The undersigned hereby certifies that the Utility has refunded to Payers all gross-up tax refunds reported in the prior year's annual report. This certification is to be signed by the President or Chief Executive Officer, if a corporation; the managing general partner, if a partnership; the managing member, if a limited liability company or the sole proprietor, if a sole proprietorship.

SIGNATURE

DATE

PRINTED NAME

TITLE

**VERIFICATION
AND
SWORN STATEMENT
Intrastate Revenues Only**

MAR 24 2004

VERIFICATION

STATE OF Arizona

I, THE UNDERSIGNED

OF THE

COUNTY OF (COUNTY NAME) <u>Coconino</u>	
NAME (OWNER OR OFFICIAL) TITLE <u>James R. Studnek, President</u>	
COMPANY NAME <u>Starlight Water Co. Inc.</u>	

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

MONTH <u>12</u>	DAY <u>31</u>	YEAR <u>2003</u>
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HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

SWORN STATEMENT


IN ACCORDANCE WITH THE REQUIREMENT OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING CALENDAR YEAR 2003 WAS:

Arizona IntraState Gross Operating Revenues Only (\$)

\$ 207,595

(THE AMOUNT IN BOX ABOVE
INCLUDES \$ -0-
IN SALES TAXES BILLED, OR COLLECTED

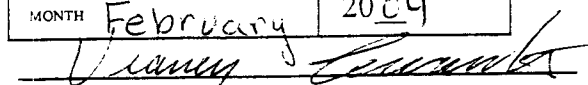
****REVENUE REPORTED ON THIS PAGE MUST INCLUDE SALES TAXES BILLED OR COLLECTED. IF FOR ANY OTHER REASON, THE REVENUE REPORTED ABOVE DOES NOT AGREE WITH TOTAL OPERATING REVENUES ELSEWHERE REPORTED, ATTACH THOSE STATEMENTS THAT RECONCILE THE DIFFERENCE. (EXPLAIN IN DETAIL)**


SIGNATURE OF OWNER OR OFFICIAL
503-884-0698
TELEPHONE NUMBER

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS 19 DAY OF

COUNTY NAME <u>Chelan</u>	
MONTH <u>February</u>	YEAR <u>2004</u>
 SIGNATURE OF NOTARY PUBLIC	

VIANEY CERVANTES
STATE OF WASHINGTON
NOTARY PUBLIC
MY COMMISSION EXPIRES 12-11-06

12/11/06

VERIFICATION
AND
SWORN STATEMENT
RESIDENTIAL REVENUE
INTRASTATE REVENUES ONLY

RECEIVED

MAR 24 2004

ARIZONA CORPORATION COMMISSION
DIRECTOR OF UTILITIES

VERIFICATION

STATE OF ARIZONA

I, THE UNDERSIGNED

OF THE

DO SAY THAT THIS ANNUAL UTILITY REPORT TO THE ARIZONA CORPORATION COMMISSION

FOR THE YEAR ENDING

(COUNTY NAME) <u>Coconino</u>	
NAME (OWNER OR OFFICIAL) <u>James R. Studnek</u>	TITLE <u>President</u>
COMPANY NAME <u>Starlight Water Co. Inc.</u>	

MONTH	DAY	YEAR
12	31	2003

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

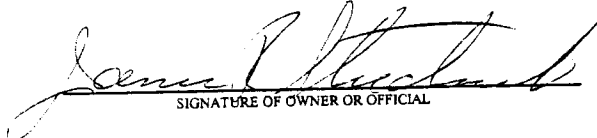
SWORN STATEMENT

IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401.01, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING CALENDAR YEAR 2003 WAS:

ARIZONA INTRASTATE GROSS OPERATING REVENUES \$ <u>190,636</u>
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(THE AMOUNT IN BOX AT LEFT
INCLUDES \$ 0
IN SALES TAXES BILLED, OR COLLECTED

*RESIDENTIAL REVENUE REPORTED ON THIS PAGE
MUST INCLUDE SALES TAXES BILLED.

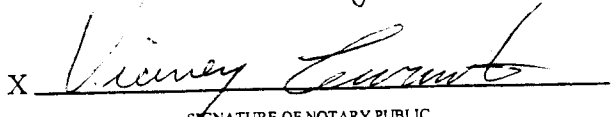

SIGNATURE OF OWNER OR OFFICIAL

SUBSCRIBED AND SWORN TO BEFORE ME

A NOTARY PUBLIC IN AND FOR THE COUNTY OF

THIS	19	DAY OF
VIANEY CERVANTES STATE OF WASHINGTON NOTARY PUBLIC MY COMMISSION EXPIRES 12-11-06 MY COMMISSION EXPIRES <u>12/11/06</u>		

NOTARY PUBLIC NAME <u>Vianey Cervantes</u>	
COUNTY NAME <u>Chelan</u>	
MONTH <u>February</u>	<u>20</u> 04

X 
SIGNATURE OF NOTARY PUBLIC